Annual Report 1988 / 89

with Interim Report to December 1989

Prince Edward Island
Housing Corporation

90-04170/

Letter of Transmittal

Prince Edward Island
HOUSING CORPORATION

HOUSING FOR ISLANDERS

P.O. Box 3000
Charlottetown, P.E.I. C1A 7N8

3 Queen Street
Charlottetown, P.E.I.
902/368-5770

The Honourable Lloyd G. MacPhail
Lieutenant Governor
Province of Prince Edward Island

Dear Sir:

On behalf of the Board of Directors, it is my privilege to submit to you the Prince Edward Island Housing Corporation Annual Report for the fiscal year ending March 31, 1989. Also included is an Interim Report for the period between April 1, 1989 and December 31, 1989.

Respectfully submitted,

Roberta Hubley
Roberta Hubley
Chairman and Minister Responsible

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Board of Directors

As at December 31, 1989

Honourable Roberta Hubley, Chairman
Minister Responsible for the
Prince Edward Island Housing Corporation

Robert Carruthers, Vice-Chairman
Alberton

Jack Callaghan, Secretary-Treasurer
Hillsborough Park

Carol Aitken
Souris

Ernest Beck
Alliston

Joan Connell
Charlottetown

Joseph Doran
Foxley River

Francis Flood
Charlottetown

Debbie MacLellan
Wellington

General Manager's Review

An annual report presents the opportunity to do many things. One of the very first is that it allows me to congratulate Ginger Breedon on his mid-1989 appointment as the Deputy Minister of Industry. Ginger served as the P.E.I. Housing Corporation's General Manager for six years and, prior to that time, had spent ten years heading up its planning division. His leadership has been crucial to both the Corporation and the Province as a whole in the development of housing initiatives. I would also like to thank Fred Eberman who, in addition to his regular duties, served as the Acting General Manager for the five month period preceding my appointment.

Annual reports traditionally describe and review such subject matter as program activities, expenditures and significant events of the past year. This is a valid function and much of the following sections is devoted to this intent. I would also hope, however, that this report can serve a broader purpose. Ideally, this is an opportunity to increase awareness of the problems that face the sector, to place the program operations into the context of the housing market and to look forward to the factors that will shape our future response. I invite the reader to look not only at what the P.E.I. Housing Corporation is doing, but at what its role can and should be in carrying out its mandate.

As a relative newcomer to the housing sector, I have recently been involved in an intensive learning process. Part of my education has been in history, dealing with matters such as program activities and the achievements of the Prince Edward Island Housing Corporation. Even at this early stage, it is evident to me that the Corporation has had a very positive impact on improving the living conditions of many Islanders. The staff of the Corporation has much for which it can be proud.

Another part of my time has been spent on current affairs, learning about the issues, challenges, problems and opportunities facing the P.E.I. Housing Corporation today. The scope of the Corporation's present operation is surprisingly broad, as it has a wide range of responsibilities and relationships encompassing a great number of public, private and voluntary organizations.

As vital as it is to develop an appreciation of the past and an understanding of the present, perhaps the most important part of my education will be to develop an insight into the future. How do we get from where we are today to where we want to be tomorrow?

We are now entering a new decade and nearing the turn of a new century. It is a natural time to look ahead. Our population is aging, bringing with it new

challenges. There is a new and stronger focus on the particular needs of groups such as the disabled, special needs groups, and the hard-to-house. Technology is changing, the interests and capabilities of the voluntary sector are growing and there is an increasing awareness of the need to be sensitive to our environment in the future development of our limited land base. These and other changes within the housing sector call for innovative and creative approaches to housing for the 1990s.

I am keenly aware of the challenges that lie ahead and optimistic that we will be able to address them effectively. I look forward to working with the staff and all other Islanders involved in the housing sector.

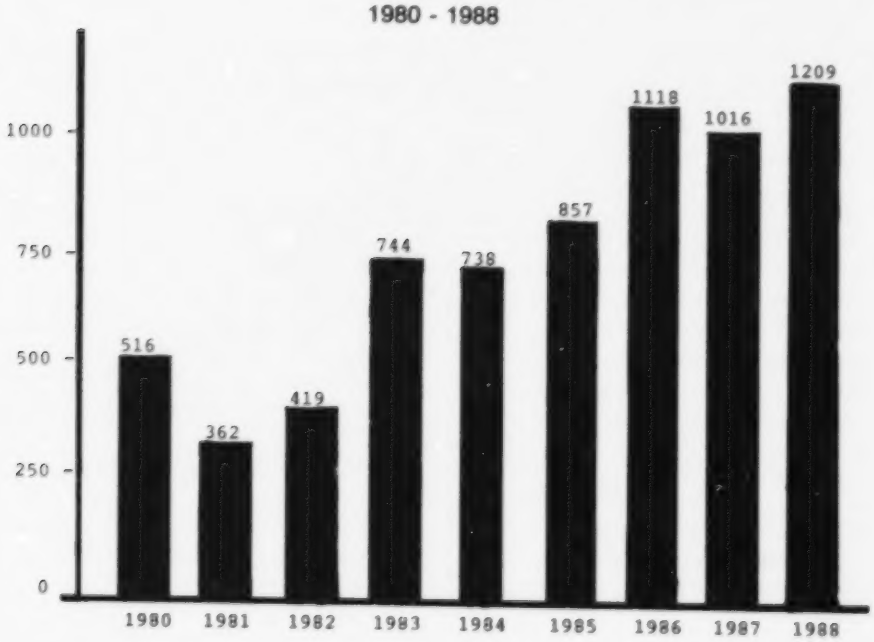
Andrew B. Wells
General Manager

Highlights of 1988/89

- The new Rental of Residential Property Act was proclaimed in January, 1989 to replace the Rent Review Act and Part V of the Landlord and Tenant Act.
- New residential construction enjoyed an extremely good year with building permits issued for 1,209 units in 1988, the highest of the 1980's.
- Home repair grants from the Corporation were provided to 368 senior citizen households.
- Homeownership was made possible for 82 households through mortgage programs
- The P.E.I. Housing Corporation undertook construction of 42 new housing units for seniors, families and special need groups.
- Property management was provided for 1,521 units of social housing.

RESIDENTIAL BUILDING PERMITS

1980 - 1988



The Challenge

Most of us can agree on what the general standards of good housing should be. It should be of sound quality, it should be safe and it should offer comfort, warmth and convenience. It should be affordable and have the space and facilities that are accepted within our current norms. It should be located within reach of services, employment and daily activities. It should be found in the variety of forms, styles and sizes that meet our lifestyle needs. It should contribute to our sense of belonging and allow us to participate fully in society. It should not waste energy or irresponsibly consume land or resources.

By most standards, the majority of Prince Edward Islanders are well housed. Most Island residents can, on their own, obtain suitable, appropriate accommodations. This situation has been aided by the vast improvements that have been achieved in the past 20 years through housing programs and services. But not all Islanders enjoy satisfactory housing. In fact, a substantial number of Island households experience serious housing problems. For example:

- in 1986, 7,390 households paid more than 30% of their income for housing. This represented 18% of P.E.I. households;
- 1989 provincial assessment records showed that 8,000 P.E.I. homes did not meet normally accepted standards. This represented 27% of P.E.I.'s single family dwellings;
- about 20% of P.E.I.'s households encounter serious problems with housing availability, affordability, quality or suitability - problems beyond the control of the individual.

These are aggregate figures that, while giving some perspective to the magnitude of the housing issue, do not speak to the more specific housing problems that exist. Large segments of the population, including low income families, seniors, lone parents, the disabled, victims of family violence and special need groups experience a disproportionate rate of serious housing problems. Rural areas of the province have an uncommonly high rate of houses in need of repair. Small towns often have little or no available rental housing to serve its market while the cost of rental housing in urban centres excludes many households from decent shelter. Community development in many parts of the province is limited by the shortage of competitively priced lots. Residential developments often jeopardize productive agricultural land and water supplies. Young households may have trouble getting a foothold in the housing market while, at the other end of the age spectrum, seniors may have difficulty maintaining their homes or in finding a range of options to give them suitable housing choices. The housing industry is facing higher expectations as technology changes, as public expectations evolve and as international competition heightens.

There are major challenges to be addressed in the housing sector in Prince Edward Island. This occurs at a time when government must restrain its spending and when many other social, economic and environmental issues demand attention. The activities of the P.E.I. Housing Corporation have already improved the housing of thousands of Islanders, but much more remains to be done.

The Organization

The Prince Edward Island Housing Corporation is a provincial crown corporation whose central objective is to provide low and moderate income Island residents with increased access to adequate housing. Since its creation in 1969, it has helped to bring about major improvements to the daily living conditions of Islanders. The Housing Corporation has approved more than 15,000 home repair grants and loans, provided assistance or financing for in excess of 2,500 new, modest homes and constructed and operated over 1,500 housing units for seniors and low income Islanders. Each year, its activities directly assist more than 2,000 Prince Edward Island households. Its programs have reached out to and served such diverse groups as young families, senior citizens, the disabled, those with special needs, homeowners, renters, voluntary associations, the construction industry, rural communities and municipalities.

The programs and services of the P.E.I. Housing Corporation have evolved over 20 years as housing needs, funding sources and public expectations have changed. The initial efforts were highly concentrated in homeownership and home repair grants in order to correct basic housing deficiencies, stimulate the market and pave the way for economic growth. The late 1970's brought about a major initiative to upgrade the housing stock through comprehensive home repairs. While these high profile activities were curtailed in the 1980s, this period saw a steady growth in the social housing portfolio (an increase of over 600 units), the introduction of several new programs, the assumption of central legislative duties including the administration of the Rental of Residential Property Act, and the decentralization of services to provide full-time, multi-skill representation to all five of the province's regions. This was accomplished at the same time as the staff size was reduced by 40%.

The activity of the Housing Corporation is conducted under the guidance of the Board of Directors. The Board is responsible to the Minister designated as responsible for the Prince Edward Island Housing Corporation. It has been traditional that the Minister is also appointed as Chairman of the Board. The chief executive director is the General Manager. Reporting to the General Manager are the directors of the Corporation's five divisions. The divisions, and some of their main responsibilities, are as follows:

Field Services - responsible for program delivery including applications, interviews, eligibility assessments, technical inspections, approvals, lease preparations, rent collections, tenant liaison, maintenance operations, cost control and handling day-to-day inquiries

Planning & Co-ordination - conducts program planning, policy development, co-ordination of operations, research, public information, and regular liaison with federal, provincial and municipal agencies

Management Services - responsible for invoicing and payments, accounting, personnel, collections, office administration, budget preparation, management and program information systems and financial control

Construction & Technical Services - responsible for land acquisition, new project planning, liaison with architects and contractors, tendering, construction supervision, compliance inspections and technical advice

Office of the Director of Residential Rental Property - responsible for the administration of the Rental of Residental Property Act, including provision of information, handling of complaints, hearings for applications, decisions and issuing orders.

Corporation Activities in 1988/89

Emergency Home Repair Program for Seniors

Elderly homeowners with fixed incomes can be more vulnerable than many others in emergency situations. If the emergency involves a home repair item, however, assistance may be close at hand. The P.E.I. Housing Corporation provides provincial grants of up to $1,000 to cover as much as half of the cost of home repairs where the repair work is emergency in nature and affects the physical safety and health of the occupants or is needed to preserve the dwelling in habitable condition. Homeowners at or over the age of 60 may be eligible for assistance. The maximum eligible income limits, which were raised in 1988/89, are $13,500 for one person households and $17,500 for households of two or more persons. A sliding assistance scale is used to gear the assistance to income.

The Emergency Home Repair Program experienced its highest level of activity for any year to date in 1988/89, with approvals issued for 293 households and with $166,200 paid out in grant assistance. The most common type of repair assisted by the program was roof repairs (23% of approvals), followed by chimney repairs (22%) and sewage system repairs (20%).

Provincial Contribution to Seniors - Home Repair Program

Housing programs often have the capability of simultaneously serving several social and economic objectives. The Provincial Contribution to Seniors - Home Repair Program provides an excellent example of this trait. This provincially funded program provides grants of up to $1,000 per household to cover the cost of materials where local home repair projects serve senior citizen homeowners. The program supports local community groups in making effective use of federal job creation programs and it provides assistance to modest income senior citizen homeowners to make repairs to their homes. The program helps generate local jobs, improve skills, and make home repairs at little or no cost to the seniors. Typical repairs include the replacement of doors and windows, the installation of insulation, the fixing of stairs, and other jobs requiring basic carpentry skills.

The income guidelines were amended in 1988/89 to increase the maximum eligible incomes for the program to $13,500 for one person households and $17,500 for households with two or more members.

Two community groups operated home repair projects in 1988. These groups, and their activities, were as follows:

	Approvals	P.C.S. Funding
West Prince Community Development Corporation	47	$32,000
Southern Kings Community Development Corporation	47	$22,400
Totals	94	$54,400

Shortly after the conclusion of the 1988 activity, and just as the 1989 projects were gearing up, the Provincial Government approved eligibility changes to the program to extend its benefits to other needy groups. As of March 1988, households with disabled household members and households receiving welfare assistance may also qualify for provincial grant assistance.

Senior Citizens Housing

The activity of the Senior Citizens Housing Program can be reviewed in two parts - new construction and the management of the existing portfolio. The program itself provides self-contained rental apartments for seniors with rents set according to income. Tenant selections are based on need. Federal and provincial funding is utilized to cover the program costs.

The new construction activity in 1988/89 consisted of the completion of federally funded buildings in Summerside (20 units) and St. Louis (4 units) and provincially funded buildings in Souris (7 units) and Georgetown (4 units). Construction was started on a provincially funded 20 unit building in Sherwood.

Senior Citizens Housing Administered by the P.E.I. Housing Corporation Units by Community - March 1989

Abram's Village	6	Murray River	6
Alberton	16	New London	8
Bedeque	6	O'Leary	24
Belfast	6	Parkdale	40
Borden	22	Rollo Bay	14
Cardigan	4	Rustico North	6
Charlottetown	361	Rustico South	4
Cornwall	14	Sherwood	16
Crapaud	15	Souris	67
Georgetown	16	St. Charles	4
Hunter River	14	St. Louis	4
Kelly's Cross	6	St. Peters	9
Kensington	50	Summerside	152
Kinkora	12	Tignish	14
Miscouche	18	Tracadie Cross	4
Mont Carmel	6	Tyne Valley	11
Montague	70	Vernon River	5
Morell	12	Wellington	22
Mt. Stewart	6	Wilmot	6
Murray Harbour	6		

The completion of 35 additional units in 1988/89 brought the total number of Senior Citizens Housing units under the administration of the P.E.I. Housing Corporation to 1,082 in 39 different communities. The locations of these units are shown in the preceding table. The size of the Senior Citizens Housing portfolio grew substantially during the 1980s and this, in turn, has added complexity and challenge to the Corporation's management responsibilities. The average age of the tenants has been gradually rising (more than a third of the tenants were over the age of 80 in 1988/89) and this has implications for the attention and services they require. At the same time, the buildings themselves are aging, thus putting greater pressure on the maintenance budgets and increasing the need for upgrading and modernization.

Family Housing

The Family Housing Program provides rent geared-to-income housing for families who are unable to obtain adequate housing on their own. The housing built under this program has taken several forms including apartment buildings, row housing and semi-detached housing. The emphasis in recent years has been on disbursing small projects throughout the communities so that they blend naturally into their neighbourhoods. Federal and provincial funding is utilized for program operation costs.

New federally funded Family Housing units were completed in 1988/89 in Summerside (8 units), Charlottetown (6 units) and Montague (6 units). An 8 unit, provincially funded, project was completed in Sherwood. These 28 new units brought the total number of Family Housing units in the province to 342. Starts were also made during the year on federally funded 8 unit projects in each of Charlottetown and Summerside.

Once the projects are constructed, they are turned over to local housing authorities for day-to-day administration. There are nine such local housing authorities in P.E.I., each responsible for matters such as tenant selections, maintenance operations, rent collections and tenant concerns. The directors of the authority boards are local residents who serve on a voluntary basis. The P.E.I. Housing Corporation is responsible for liaison with the housing authorities and provides advisory assistance. The housing authorities, and the number of units they administered in 1988/89, are listed in the following table:

Family Housing Administered by Housing Authorities
Units by Authority Board - March 1989

Alberton	22	O'Leary	23
Charlottetown Area	104	Souris	24
Georgetown	25	Summerside	86
Montague	40	Tignish	12
Mount Stewart	6		

Special Purpose Housing

As part of the overall delivery of social housing, the Province has proceeded with several projects over the past few years to improve the housing facilities available to those with special needs. The Housing Corporation role has been to arrange either federal or provincial assistance for the housing facilities, participate in the project planning and design, secure the mortgage financing and hold ownership of the properties. The Department of Health and Social Services identifies special purpose housing needs and subsidizes operating losses.

In 1988/89, provincially funded group homes were opened in Mount Royal and Charlottetown. The homes will provide eight beds each for special need adolescents. As well, the Corporation was able to use federal funds to purchase and renovate a group home in Sherwood to provide six beds for mentally handicapped adults.

Rural Mortgage Lending Support Program

The Rural Mortgage Lending Support Program helps ensure that people wishing to construct their own homes, or to buy existing homes, in rural areas have access to conventional mortgage financing at market rates. To do this, the Province provides a supply of long term loan funds to Prince Edward Island credit unions. In turn, the credit unions use the funds to provide rural homeowners with conventional mortgages. Standard lending practices apply to the mortgage loans.

Loan funding provided to the credit unions under the program amounted to $2,500,000 in 1988/89. These funds made it possible for the credit unions to approve 76 mortgages in rural P.E.I. Of these mortgages, 43 were for newly constructed homes and 33 were for the purchase of existing homes. Self-builders who often have limited access to adequate private mortgage funding, accounted for 32 of the mortgage approvals.

Second Mortgage Loan Program

The Second Mortgage Loan Program, introduced in 1987/88, is intended to ensure that adequate mortgage financing is available to homeowners in all parts of the Province. In most cases, a first mortgage from a lender is sufficient to provide the financing necessary to build or buy a home. However, there may be occasions when additional financing is needed. To remove this barrier to homeownership, the P.E.I. Housing Corporation will provide a repayable second mortgage loan of up to $15,000 to borrowers who meet eligibility requirements. These include making a downpayment or equity contribution (could be labour or materials input, etc.) equal to at least 10% of the purchase price or construction cost, having a good credit rating and being able to afford the first and second mortgage loan repayments as determined by standard lending practices. The maximum house price or construction cost cannot exceed $75,000.

During the first two years of program operation, eligibility for Second Mortgage Loans was restricted to first-time homeowners. In January, 1989, this restriction was eliminated so that loans could be made available to all households, regardless of whether they had previously owned a home.

There were 6 second mortgage loans, having an average value of $7,281, issued by the P.E.I. Housing Corporation in 1988/89. While the number of households obtaining these loans is small, the Program has been successful in ensuring that these homeowners were able to build or buy a home in a location of their choice.

Helping Hands for Seniors

In 1988, the Helping Hands for Seniors project employed 18 students to provide free labour to senior homeowners for such jobs as painting, yard clean-ups, stacking woodpiles, cleaning windows and a variety of other small jobs. Assistance was provided to 197 senior households, located in 84 different communities. The students were employed through the Jobs for Youth Program, which is funded by the Department of Industry.

Program Activities in 1988/89

Program	Units/Approvals	Expenditures/Comments
Home Repair Program		
Emergency Home Repair for Seniors	293	$ 166,200/grants
Provincial Contribution to Seniors	94	$ 54,400/grants
Home Ownership Programs		
Rural Mortgage Support	76	$ 2,500,000/loans
Second Mortgage Loans	6	$ 43,000/loans
Rental Construction		
Senior Citizens Housing	20	$ 1,000,000/constr.
Family Housing	16	$ 1,057,000/constr.
Special Purpose	6	$ 114,000/constr.
Portfolio Administration		
Senior Citizens Housing	1,082	maint. & admin.
Family Housing	342	maint./admin. assist
Social Housing	49	maint. & admin.
Rural & Native	36	maint. & admin.
Rural Community	13	maint. & admin.
Mortgage Administration		
Mortgages Administered	345	$ 4,384,000 mortgage value

Interim Report - (April - December 1989)

The Period in Review

Residential construction activity continued to be strong in 1989. Building permits were issued for 1,021 new housing units having an estimated construction value of almost $57 million. This strength, however, was not spread equally across the Province.

In Kings and Queens counties and in West Prince County, 1989 activity kept pace with the exceptionally high levels experienced in 1988. On the other hand, the federal government's announcement of its intent to close CFB Summerside had an immediate impact on residential construction in East Prince. Building permits were issued for only 38 housing units in greater Summerside in 1989, down from 140 units a year earlier.

On the more positive side, the existing housing market in East Prince has remained relatively stable as residents await a further federal announcement on a replacement to the Base. Appraised market values of existing housing are remaining firm and the apartment vacancy rate for greater Summerside in October declined slightly to 1.6 percent.

The construction of apartment units, most notably in greater Charlottetown, exceeded the very high levels experienced in 1988. These new units continue to be in demand as projects are being quickly rented-up when completed and the vacancy rate for Charlottetown remains at an acceptable level (3.0 percent in October).

The Provincial and Federal governments continued to fund a very active social housing construction program for lower income households that cannot afford housing in the private market. The P.E.I. Housing Corporation had commenced delivery of 67 units of Senior Citizens and Family Housing by year's end as compared to 42 units in 1988. A further 126 social housing units were delivered by Canada Mortgage and Housing Corporation, primarily through non-profit or co-operative organizations.

Emergency Home Repair Program for Seniors

Approvals had been issued for 258 grants under the program for the 1989/90 fiscal year as of December 31, 1989. The assistance provided through these approvals amounted to $146,600.

Provincial Contribution to Seniors - Home Repair Program

Three groups were active during 1989 in each of the Southern Kings & Queens, Evangeline and West Prince regions. The groups assisted in making repairs to 106 homes, combining for a total of $70,600 in provincial grant assistance.

Rural Mortgage Lending Support Program

During 1989, the Province advanced a total of $2.5 million to credit unions in order to ensure an adequate supply of mortgage funds in rural areas. The credit union offices used these loan funds to make 81 mortgage loans possible.

Second Mortgage Loan Program

A total of four mortgage loans, averaging $11,063, were approved by the Housing Corporation during this period to make homeownership possible for these households.

Senior Citizens Housing

Contracts were awarded for two senior citizens housing projects in 1989. A thirty-nine unit project was approved for Charlottetown and a six unit project was approved for Souris.

The Housing Corporation completed a twenty unit project in Sherwood during the year.

Family Housing

The Housing Corporation awarded contracts for an additional eighteen units of Family Housing in the City of Charlottetown. A four unit project was also approved for construction in the Town of Souris.

Helping Hands for Seniors

A total of 149 senior citizen households were assisted during the 1989 summer project.

Office of Residential Rental Property

The Rental of Residential Property Act was proclaimed in January, 1989, and replaces the Rent Review Act and Part V of the Landlord and Tenant Act.

The new Act is a consolidation and update of the legislation relating to the rental of residential premises and includes several new and important provisions, such as:

- A clear statement of the rights and obligations of lessors and lessees (landlords and tenants respectively);
- The establishment of statutory conditions that apply to all residential rentals;
- Continued protection for renters against unwarranted or unfair rent increases;
- Improved security of tenure provisions which specifically set out the grounds on which a tenant may be asked to vacate a property;
- The introduction of a system to resolve disputes, thereby reducing the need to use the court system;
- The establishment of County Boards empowered to hear appeals and issue decisions.

The Act also creates the position of Director of Residential Rental Property to replace the Rentalsman. Unlike the Rentalsman, however, the Director can investigate possible violations of the Act, hold hearings, and issue decisions and orders that are binding. It is this role of the Director that allows for a quicker, more accessible, and much less costly process for dealing with disputes and violations under the Act. After having served as Rentalsman for thirteen years, John Comeau was named to the position of Director of Residential Rental Property.

The first few months of 1989 were primarily devoted to informing the public of the provisions of the new Act. Media releases were issued, printed materials were prepared and widely circulated, and public forums were held in all parts of the Province.

Since the new Act was proclaimed, the Division has received over 3,600 inquiries, resulting in applications and decisions in 1989 as follows:

Category	Applications	Decisions
Disputes over Security Deposits	20	16
Violations of Statutory Conditions	41	38
Termination of Rental Agreement	33	30
Rent Increase	24	18
TOTAL	118	102

Financial Statements

AUDITOR'S REPORT

To The Board of Directors of the
Prince Edward Island Housing Corporation

I have examined the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 1989 and the statement of revenue and expenses for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations for the year then ended in accordance with the basis of accounting disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
June 28, 1989

STATEMENT 1

PRINCE EDWARD ISLAND HOUSING CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1989
(with comparative figures at March 31, 1988)

ASSETS	1989	1988
Current Assests		
Cash	$ 52,400	$ 57,200
Accounts Receivable	493,900	549,600
Deposit Receipts - Note 1 (a)	279,800	255,800
	826,100	862,600
Notes Receivable - Note 2	6,321,900	3,704,800
Mortgages Receivable	4,089,600	4,588,400
Investment in Properties		
Agreements of Sale - Note 3	462,400	479,700
Land for Resale or Development - Note 4	958,100	1,225,700
Federal-Provincial Projects - Note 5	6,459,100	6,459,100
Rental Housing Projects - Note 6	39,074,800	35,462,200
	46,954,400	43,626,700
Other Assets - Schedule 1	72,800	109,200
TOTAL ASSETS	$ 58,264,800	$ 52,891,700

LIABILITIES AND EQUITY	1989	1988
Current Liabilities		
Bank Indebtedness - Note 7	$ 71,800	$250,000
Accounts Payable and Accrued Liabilities - Note 8	2,775,400	2,391,300
	2,847,200	2,641,300
Long Term Liabilities		
CMHC - Note 9	12,446,300	13,149,500
Province of P.E.I. - Note 10	16,065,800	12,535,600
Other - Note 11	22,064,100	19,809,200
	50,576,200	45,494,300
Reserves		
Co-operative and Social Housing - Note 1 (a)	141,900	140,200
Replacement Reserve - Note 1 (a)	120,600	82,800
	262,500	223,000
Equity contributed by the Province of P.E.I. - Schedule 2	4,578,900	4,533,100
TOTAL LIABILITIES AND EQUITY	$ 58,264,800	$ 52,891,700

(THE ACCOMPANYING SCHEDULES AND NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS)

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 1989
(with comparative figures for the year ended March 31, 1988)

	1989	1988
Revenue		
Appropriations from the Province of P.E.I.	$ 2,130,200	$ 2,309,000
CMHC operating cost recoveries	2,457,200	2,187,900
Administration fees	34,600	40,000
Rental income	3,780,300	3,543,200
Interest income	1,093,800	920,600
Sundry - Schedule 3	99,700	48,700
Total Revenue	9,595,800	9,049,400
Expenses		
Administration - Schedule 4	1,628,500	1,769,000
Operating - Senior Citizens Housing - Schedule 5	2,405,300	2,469,000
Interest	5,319,100	4,624,500
Grants issued - Schedule 6	242,900	186,900
Total Operating Expenses	9,595,800	9,049,400
Operating income (loss) for the year	$ —	$ —

(The accompanying schedules and notes are an integral part of these financial statements)

SCHEDULE 1

PRINCE EDWARD ISLAND HOUSING CORPORATION
OTHER ASSETS
MARCH 31, 1989

	1989	1988
Emergency Power Generators - Note 12	$ 48,700	$ 60,800
Repossessed Properties	19,800	21,700
Prepaid Expense	4,300	21,800
Stores Inventory	—	4,900
	$ 72,800	$ 109,200

SCHEDULE 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
EQUITY CONTRIBUTION BY THE PROVINCE OF P.E.I.
MARCH 31, 1989

Beginning balance - April 1, 1988		$ 4,533,100
Additions for the year - Manors		50,200
Deductions for the year - Senior Citizens Housing	$ 1,800	
- Family Housing	2,600	(4,400)
Ending balance - March 31, 1989		$ 4,578,900

SCHEDULE 3

PRINCE EDWARD ISLAND HOUSING CORPORATION
SUNDRY INCOME
MARCH 31, 1989

	1989	1988
Family Housing	$ 90,700	$ 36,000
Gain on Sale of Land	3,100	11,800
Other	5,900	900
	$ 99,700	$ 48,700

SCHEDULE 4

PRINCE EDWARD ISLAND HOUSING CORPORATION
ADMINISTRATION EXPENSES
MARCH 31, 1989

	1989	1988
Salaries	$ 1,259,700	$ 1,391,900
Travel	85,000	83,400
Office and Administration	283,800	293,700
	$ 1,628,500	$ 1,769,000

SCHEDULE 5

PRINCE EDWARD ISLAND HOUSING CORPORATION
OPERATING EXPENSES — SENIORS CITIZENS HOUSING
MARCH 31, 1989

	1989	1988
Repairs and Maintenance	$ 1,251,800	$ 1,421,200
Fuel	433,300	399,100
Utilities	253,400	235,500
Property Taxes	386,000	347,600
Depreciation	80,800	65,600
	$ 2,405,300	$ 2,469,000

SCHEDULE 6

PRINCE EDWARD ISLAND HOUSING CORPORATION
GRANTS ISSUED
MARCH 31, 1989

	1989	1988
Mortgage Subsidies	$ 3,500	$ 5,500
Home Improvement Assistance	239,400	181,400
	$ 242,900	$ 186,900

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1989

1. Significant Accounting Policies:

   (a) Trust Reserves are set aside for contingencies in co-operative and social housing and are offset by investments in deposit receipts with the Province of P.E.I.

   Replacement reserves are in place on certain rental properties as required by agreements with C.M.H.C. and those funds are also invested in deposit receipts with the Province of P.E.I.

   (b) With the exception of Social Housing properties, depreciation on rental properties is equal to the principal reduction in the corresponding long term indebtedness with Canada Mortgage and Housing Corporation and private lenders.

   Depreciation is not recorded on Social Housing as the Corporation is hopeful of selling these properties to prospective tenants at cost.

   (c) Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement. Accumulated amortization represents principal reductions to date on the original investment of the Province of P.E.I.

   (d) Long term liabilities include the current portions of the long term debt.

2. The Corporation expanded an arrangement it has in place with the P.E.I. Credit Union League to include local credit unions. Long term loan funds were provided by the Corporation for use by the credit unions in providing real property mortgages in rural areas of the Province. The loans are secured by a priority assignment on both the mortgage assets of the League and the individual credit unions. The indebtedness at March 31, 1989 includes $5,867,700 in long term loans and $454,200 in accrued interest.

3. Investment in properties under agreements of sale are recorded at cost less tenants' equity.

	1989	1988
Cost	$ 633,200	$ 632,000
Tenants' Equity	(170,800)	(152,300)
	$ 462,400	$ 479,700

4. Investment in land for resale or development consists of the following:

	1989	1988
Investment in development land - at appraised values	$ 462,700	$ 596,200
Undeveloped land - Hillsborough Development - at appraised values	341,900	339,200
Other undeveloped land - at cost	153,500	290,300
	$ 958,100	$ 1,225,700

Investment in developed land is based on 1983 appraisal values of Wilson Real Estate Co. Ltd. An appraisal writedown of $851,300 was recognized in the 1983 financial statements of the Housing Corporation. Investment in undeveloped land - Hillsborough Development - is based on March 25, 1986 appraisal values provided by Wilson Real Estate Co. Ltd. on two parcels of the undeveloped land holdings in Hillsborough Development. Based on that appraisal, the Housing Corporation reduced the value of land held for development or resale by $1,000,000. That writedown was recognized in the 1986 financial statements. During the year interest costs totalling $18,700 were capitalized to the other undeveloped land account.

5. Investments in Federal-Provincial projects are recorded at the Housing Corporation's cost less accumulated amortization and consists of the following:

	1989	1988
Family Housing	$ 2,240,200	$ 2,229,200
Senior Citizens Housing	3,930,400	3,930,400
Rural and Native Housing	350,100	350,100
Sub-totals	6,520,700	6,509,700
Less: Accumulated Amortization	(61,600)	(50,600)
	$ 6,459,100	$ 6,459,100

6. Rental Housing properties are recorded at cost less accumulated amortization and consist of the following:

	1989	1988
Family Housing	$ 4,826,900	$ 3,052,500
Senior Citizens Homes	14,074,400	12,573,600
Homes for Special Care	21,098,700	20,604,800
Social Housing	63,500	77,000
Sub-total	40,063,500	36,307,900
Less: Accumulated Amortization	(988,700)	(845,700)
	$39,074,800	$35,462,200

During the year the following interest costs were capitalized on construction projects.

Family Housing	$ 55,900
Senior Citizens Homes	43,200
Homes for Special Care	24,500
	$ 123,600

7. Bank indebtedness is guaranteed by the Province of P.E.I.

8. The Corporation has contractual obligations of $574,900 on the following construction contracts.

	Total Contracts	Amount Billed to March 31, 1989	Obligations
Senior Citizen and Family Housing Units	$1,631,900	$1,057,000	$ 574,900

Also, the Corporation is contingently liable for the following:

To approved program applicants for home repair grants	$18,300
To Canada Mortgage & Housing Corporation for Residential Rehabilitation Assistance Program Fund recipients	13,500
Total	$31,800

9. Loans payable to Canada Mortgage and Housing Corporation consist of the following:

	1989	1988
Mortgages Payable	$ 4,052,800	$ 4,106,100
Debentures Payable	5,690,000	5,984,100
Loans Payable	2,703,500	3,059,300
	$ 12,446,300	$ 13,149,500

The above amounts include more than 100 individual balances at varying interest rates and maturity dates.

10. Long term liabilities to the Province are made up of approximately 70 loans having varying interest rates and maturity dates.

11. Other long term liabilities consist of the following:

Mortgage obligations:

Description	Interest Rate	Maturity Date	Amount Outstanding 1989	1988
Homes for Special Care:				
Mutual Life (Riverside Home)	12.875%	Oct. 2020	$ 4,330,200	$ 4,340,300
Canada Life (Wedgewood Home)	14%	Nov. 2019	4,112,800	4,121,100
Co-operative Trust (Beach Grove)	12.625%	Sept. 2021	7,261,800	7,277,600
Group Home Rental Units:				
Royal Bank (Inkerman Blvd.)	11.75%	Jan. 2009	59,700	59,400
Royal Bank (Southport)	11.50%	Oct. 2014	58,000	57,800
Royal Bank (Woodward Dr.)	11.50%	Jan. 2015	75,800	75,500
Senior Citizens Housing:				
Co-operative Trust (Ch'town)	11.237%	Dec. 2022	1,763,800	1,768,400
Co-operative Trust (Montague)	10.987%	Sept. 2022	327,200	328,200
Co-operative Trust (Souris)	10.987%	July 2022	242,200	242,900
Metropolitan Trust (S'side)	10.79%	Dec. 1993	835,300	—
Metropolitan Trust (St. Louis)	10.64%	Aug. 1993	215,500	—

Family Housing:				
Co-operative Trust (Ch'town)	11.237%	Dec. 2022	432,300	433,400
Co-operative Trust (Hillsborough Park 1)	10.737%	July 2022	203,200	203,800
Co-operative Trust (Hillsborough Park 2)	11.237%	Oct. 2022	222,400	223,000
Co-operative Trust (Souris 1)	11.237%	Feb. 2023	216,700	216,300
Co-operative Trust (Souris 2)	11.237%	Feb. 2023	121,900	121,700
Co-operative Trust (S'side)	10.987%	Sept. 2022	338,900	339,800
Metropolitan Trust (S'side)	11.40%	Oct. 1993	463,200	—
Metropolitan Trust (Montague)	11.40%	Oct. 1993	383,200	—
Metropolitan Trust (Ch'town)	11.23%	Nov. 1993	400,000	—
			$ 22,064,100	$ 19,809,200

These mortgages are secured by land and buildings.

12. The Corporation's share of the cost of an emergency power installation program at its Senior Citizens Homes had been set up as an asset to be depreciated over a period of 10 years. The annual depreciation charge which commenced April 1, 1983 is $12,164.